GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:4975
ANSWERED ON:26.08.2010
APPOINTMENT OF COMPANY SECRETARIES
Singh Shri Uday Pratap

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether the companies which have paid up the share capital of Rs. five crore or more under section 383A of the Companies Act, 1956 mandatorily appoint company secretaries;

(b) if so, whether a number of companies in both public and private sector in the country are functioning without the company secretaries;

(c) if so, the number of companies found violating said section of Company Act during 2008-09 and 2009-10 in the country, company-wise;

(d) the name of the defaulting companies against whom the Registrars of Companies have taken action so far during the said period; and

(e) the remedial action taken by the Government to check recurrence of such violations by the companies?

Answer

THE MINISTER OF CORPORATE AFFAIRS(SHRI SALMAN KHURSHID)

(a) Yes, Sir.

(b) to (e) : Whenever any case of a company found violating the provisions of Section 383A of the Companies Act, 1956 come to the notice, Show Cause Notices are issued to the company and defaulting directors. After consideration of the reply to the Show Cause Notices, prosecutions are filed in the jurisdictional Courts. Though certain companies do not appoint Wholetime Company Secretary due to their poor financial position, stoppage of business operations, non-availability of qualified company secretaries at remote places, prosecutions are filed regularly on year-to-year basis. During 2008-09, prosecution against 52 companies for non-compliance of Section 383A of the Act were filed. In the year 2009-10, prosecutions against 39 companies have been filed. Besides, show cause notices in respect of 210 companies have also been issued during the year 2009-10.